

**SUPERIOR COURT
COURT STENOGRAPHERS ACCOUNT
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

**DEPARTMENT OF ADMINISTRATION
BUREAU OF AUDITS
ONE CAPITOL HILL
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STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

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SUPERIOR COURT
COURT STENOGRAPHERS ACCOUNT
FISCAL YEAR ENDED JUNE 30, 2002

EXECUTIVE SUMMARY

Our prior audit report, issued February 2001, contained two recommendations of which one was implemented and the other partially implemented thru the date of this report.

In order to realize efficiencies not presently available, we recommend the implementation of a double entry accounting system to streamline and automate the process used.

SUPERIOR COURT
COURT STENOGRAPHERS ACCOUNT
FISCAL YEAR ENDED JUNE 30, 2002

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October 3, 2003

Honorable Joseph F. Rodgers, Jr.
Presiding Justice of the Superior Court
250 Benefit Street
Providence, RI 02903

Dear Judge Rodgers:

We have completed an audit of the Superior Court – Court Stenographers Account for the fiscal year ended June 30, 2002 in accordance with Sections 35-7-3 and 35-7-4 of the Rhode Island General Laws.

The findings and recommendations included herein have been discussed with management, and we have considered their comments in the preparation of our report. Section 35-7-4 of the General Laws requires the director of the department audited to respond in writing within 60 days to all recommendations made by the Bureau of Audits. A copy of your response should be sent directly to Robert J. Higgins, Director, Department of Administration; Honorable Paul V. Sherlock, Chairman of the House Finance Committee; and to the Honorable Stephen D. Alves, Chairman of the Senate Finance Committee.

Sincerely,

Stephen M. Cooper, CFE, CGFM
Chief, Bureau of Audits

SMC:pp

SUPERIOR COURT
COURT STENOGRAPHERS ACCOUNT
AGENCY FUND

INTRODUCTION

Scope and Objectives

The scope of our audit was to test the cash transactions for the fiscal year ended June 30, 2002. Our objectives were to determine whether:

- The Court Stenographers Account is operating in compliance with applicable state laws and established rules and regulations;
- The accounting system used is adequate and the procedures followed are efficient and effective;
- Cash received and disbursed was properly accounted for within the financial accounts and records maintained;
- Controls are in place to sufficiently safeguard and protect assets; and
- The financial statements for the fiscal year ended June 30, 2002 are presented fairly.

Our audit was made in accordance with the *Standards for the Professional Practice of Internal Auditing* issued by the Institute of Internal Auditors and included such tests of the accounting records and other auditing procedures as we considered necessary in the circumstances.

The findings and recommendations included in this report were based upon our:

- Evaluation of tests for compliance with applicable state laws, rules and regulations, and policies and procedures;
- Interviews with personnel; and
- Audit tests and analytical procedures applied to data provided.

Background

Financial transactions for the Court Stenographers are accounted for in an agency fund held in the custody of the Superior Court Administrator. The purpose of this fund is to collect fees from the requesting parties for the transcription of court records and to disburse such funds to the stenographers who perform the services.

Payments made to stenographers for transcription services are in addition to wages paid to them by the State of Rhode Island for their stenographic services in the courtroom. There are presently twenty-nine court stenographers employed by the Superior Court.

Under the present system, when a request for a court transcript is received, an estimate of the stenographic fee is determined and the requesting party is required to make an advance payment (\$3.00 per page) to the Superior Court Administrator's Office. Subsequent to the receipt of payment, the administrator then assigns the transcription work to a stenographer for completion. After completion of the transcript, the stenographer is paid through the state's payroll system. All excess fees received are refunded to the parties that originated the request.



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State of Rhode Island

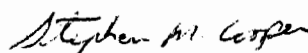
Dear Judge Rodgers:

We have audited the accompanying balance sheet and statement of cash receipts and disbursements of the Superior Court – Court Stenographers Account for the fiscal year ended June 30, 2002. These financial statements are the responsibility of the court's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the *Standards for the Professional Practice of Internal Auditing*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Superior Court – Court Stenographers Account at June 30, 2002, and the cash receipts and disbursements for the year then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The other financial information included in Schedule 1 of this report is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


Stephen M. Cooper, CFE, CGFM
Chief, Bureau of Audits
February 13, 2003

SMC:pp

SUPERIOR COURT OF RHODE ISLAND
COURT STENOGRAPHERS ACCOUNT
BALANCE SHEET
JUNE 30, 2002

Assets

Cash	\$ 35,990.70
Due from General Treasurer	<u>10.50</u>
Total Assets	\$ <u>36,001.20</u>

Liabilities

Advance Transcription Fees Collected	\$ 35,986.20
Due to Others	<u>15.00</u>
Total Liabilities	\$ <u>36,001.20</u>

See accompanying notes to financial statements.

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SUPERIOR COURT
COURT STENOGRAPHERS ACCOUNT
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FISCAL YEAR ENDED JUNE 30, 2002

Cash Receipts

Transaction Fees	\$ 97,218.50
General Treasurer	88.00
Voided Checks	<u>178.00</u>
Total Cash Receipts	<u>97,484.50</u>

Cash Disbursements

Payments to Stenographers	67,627.00
Refunds	13,620.50
Escheated to General Treasurer	178.00
Service Charges/Check Printing	<u>10.50</u>
Total Cash Disbursements	<u>81,436.00</u>

Excess of Cash Receipts Over(Under) Cash Disbursements	16,048.50
Balance July 1, 2001	<u>19,942.20</u>
Balance June 30, 2002	<u>\$ 35,990.70</u>

See accompanying notes to financial statements.

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SUPERIOR COURT
COURT STENOGRAPHERS ACCOUNT
AGENCY FUND

NOTES TO FINANCIAL STATEMENTS

Note 1 - Significant Accounting Policies

Fund Accounting

The accounts of the Superior Court – Court Stenographers Account are organized on the basis of funds, each of which is considered to be a separate entity. Only the Agency Fund for Court Stenographers is presented in the accompanying financial statements.

Agency Funds

This fund is used to account for the assets held by the Court Administrator as an agent for stenographers, attorneys, and the general fund.

Basis of Accounting

The financial statements are presented on the modified accrual basis of accounting as prescribed by generally accepted accounting principles. Agency Funds are custodial in nature and, accordingly, at any given point in time, total assets are equally offset by related liabilities.

Note 2 - Advance Transcription Fees Collected

Transcript requests are accompanied by an advance-estimated payment (\$3.00 per page multiplied by the estimated number of pages) and are reported as liabilities prior to the completion of individual transcript requests.

Note 3 - Due to Others

The balance of this account represents a liability to individuals and/or others.

SUPERIOR COURT
COURT STENOGRAPHERS ACCOUNT
STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS
FISCAL YEARS ENDED JUNE 30, 2001 AND 2000

	<u>2001</u>	<u>2000</u>	<u>Total (Memorandum Only)</u>
<u>Cash Receipts</u>			
Transcription Fees	\$ 91,142.50	114,642.50	303,003.50
General Treasurer	35.77	-	123.77
Voided Checks	-	-	178.00
From Others	-	20.00	20.00
	<u>91,178.27</u>	<u>114,662.50</u>	<u>303,325.27</u>
<u>Cash Disbursements</u>			
Payments to Stenographers	91,592.50	99,023.50	258,243.00
Refunds	17,508.50	36,165.00	67,294.00
Escheated to General Treasurer	-	-	178.00
Service Charges/Check Printing	-	40.77	51.27
	<u>109,101.00</u>	<u>135,229.27</u>	<u>325,766.27</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements	(17,922.73)	(20,566.77)	(22,441.00)
Cash Balance, July 1, 2001	<u>37,864.93</u>	<u>58,431.70</u>	<u>116,238.83</u>
Cash Balance, June 30, 2002	\$ <u><u>19,942.20</u></u>	<u><u>37,864.93</u></u>	<u><u>93,797.83</u></u>

:J-4 Schedule

SUPERIOR COURT
COURT STENOGRAPHERS ACCOUNT
AGENCY FUND

FINDINGS AND RECOMMENDATIONS

STATUS OF PRIOR YEAR AUDIT RECOMMENDATIONS

The following audit recommendations were identified in the report prepared by the Bureau of Audits for the fiscal year ended June 30, 1999.

Accounting System

1. A concerted effort must be made by court administrators to automate the present accounting system.

Partially implemented. See Recommendation 1

Subsidiary Ledger Accounts

2. Monthly reconciliations between subsidiary account details and the cash balance on deposit should be performed to verify the accuracy of recorded transactions.

Implemented.

SUPERIOR COURT
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AGENCY FUND

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

Accounting System

The Court Administrator's Office uses database software to track requests for transcripts and to generate subsidiary detail for accounts with balances (liabilities resulting from advance transcription fees collected). Although the data provided by this system can be reconciled to single entry manual records maintained, additional time and effort is required to accomplish this task. Implementation of a double entry accounting system would provide this office with efficiencies not presently realized.

Recommendation

1. Install a double entry accounting system to realize efficiencies not presently available and to streamline and automate the process used.